

**SEDGWICK COUNTY EXTENSION COUNCIL
A COMPONENT UNIT OF SEDGWICK COUNTY
Wichita, Kansas**

**Financial Statements
December 31, 2009**

**with
Independent Auditors' Report**

SEDGWICK COUNTY EXTENSION COUNCIL
A COMPONENT UNIT OF SEDGWICK COUNTY
Financial Statements
December 31, 2009

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INDEPENDENT AUDITORS' REPORT

Executive Board
Sedgwick County Extension Council
A Component Unit of Sedgwick County
Wichita, Kansas

We have audited the accompanying financial statements of the individual funds of the Sedgwick County Extension Council, a component unit of Sedgwick County, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Council's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of each of the various funds of the Sedgwick County Extension Council, as of December 31, 2009, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Sedgwick County Commission and management of the Sedgwick County Extension Council, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and Kansas State University, and should not be used for any other purpose.

Peterson Peterson & Goss LC

October 7, 2010

Sedgwick County Extension Council
A Component Unit of Sedgwick County
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended December 31, 2009

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Governmental:						
General	\$ 216,409	\$ 1,340,965	\$ 1,305,538	\$ 251,836	\$ -	\$ 251,836
Foundation	141,143	80,542	74,281	147,404	-	147,404
Educational	177,914	177,360	136,240	219,034	-	219,034
4-H Achievement	28,498	99,986	108,329	20,155	-	20,155
Total	<u>\$ 563,964</u>	<u>\$ 1,698,853</u>	<u>\$ 1,624,388</u>	<u>\$ 638,429</u>	<u>\$ -</u>	<u>\$ 638,429</u>
Composition of cash:						
Checking and savings accounts - Intrust Bank						\$ 290,953
Certificates of deposit - Intrust Bank						347,476
Total						<u>\$ 638,429</u>

The notes to the financial statements are an integral part of this statement.

Sedgwick County Extension Council
A Component Unit of Sedgwick County
Summary of Expenditures - Actual and Budget
Budgeted Fund Only
Year Ended December 31, 2008

<u>Fund</u>	<u>Budget</u>		<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
General	\$ 1,340,389	*	\$ 1,305,538	\$ 34,851

* Operating budget approved by Sedgwick County.

The notes to the financial statements are an integral part of this statement.

Sedgwick County Extension Council
A Component Unit of Sedgwick County
Statement of Cash Receipts and Expenditures - Actual and Budget
General Fund
Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Cash Receipts:			
County appropriation	\$ 1,087,473	\$ 1,087,473	\$ -
Educational Services:			
Educational classes	-	4,267	4,267
General sales	-	25,211	25,211
Grant: E.A.R.T.H.	-	20,939	20,939
Grant: Military 4-H	-	7,458	7,458
Grant: Military 4-H payroll	-	2,311	2,311
Miscellaneous reimbursables	-	17,253	17,253
Postage and handling	-	3,484	3,484
Sales tax	-	1,575	1,575
Soil testing	-	6,945	6,945
Educational services - unallocated	98,000	-	(98,000)
Total Educational Services	<u>98,000</u>	<u>89,443</u>	<u>(8,557)</u>
Other:			
Interest	-	4,410	4,410
KSU salaries, in-kind	154,492	151,349	(3,143)
Other income	-	8,290	8,290
Total Other	<u>154,492</u>	<u>164,049</u>	<u>9,557</u>
Total Cash Receipts	1,339,965	1,340,965	1,000
Expenditures:			
General:			
Employee benefits and taxes	140,500	144,382	(3,882)
Equipment and auto	29,500	42,635	(13,135)
KSU salaries, in-kind	154,492	151,349	3,143
Agent salaries	497,158	488,897	8,261

Sedgwick County Extension Council
A Component Unit of Sedgwick County
Statement of Cash Receipts and Expenditures - Actual and Budget
General Fund
Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Expenditures (continued):			
Salaries - support staff	\$ 268,239	\$ 259,547	\$ 8,692
Postage and supplies	26,000	28,648	(2,648)
Printing, audit, bond, and insurance	14,000	13,756	244
Rent, heat and light	500	55	445
Subsistence	13,000	11,614	1,386
Telephone	12,500	6,063	6,437
Travel	33,000	35,691	(2,691)
Total General Expenditures	<u>1,188,889</u>	<u>1,182,637</u>	<u>6,252</u>
Educational:			
Educational program supplies, etc.	53,500	50,234	3,266
Educational services	98,000	72,667	25,333
Total Educational Expenditures	<u>151,500</u>	<u>122,901</u>	<u>28,599</u>
Total Expenditures	<u>1,340,389</u>	<u>1,305,538</u>	<u>34,851</u>
Receipts Over (Under) Expenditures	(424)	35,427	35,851
Unencumbered Cash, Beginning	<u>(362)</u>	<u>216,409</u>	<u>216,771</u>
Unencumbered Cash, Ending	<u>\$ (786)</u>	<u>\$ 251,836</u>	<u>\$ 252,622</u>

The notes to the financial statements are an integral part of this statement.

Sedgwick County Extension Council
A Component Unit of Sedgwick County
Statement of Cash Receipts and Expenditures - Actual
Foundation Fund
Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts:	
G2G Outside	\$ 22,500
4-H Youth Development	22,663
Endowment FAC	675
TBI Grant	500
Foundation administration	4,759
General donations	29
Horticulture	2,977
SHICK Program	26,439
Total Cash Receipts	<u>80,542</u>
Expenditures:	
4-H Youth Development	21,559
Employee benefits	3,972
Endowment FAC	545
Foundation administration	666
Horticulture	6,623
SHICK Program	40,916
Total Expenditures	<u>74,281</u>
Receipts Over (Under) Expenditures	6,261
Unencumbered Cash, Beginning	<u>141,143</u>
Unencumbered Cash, Ending	<u><u>\$ 147,404</u></u>

The notes to the financial statements are an integral part of this statement.

Sedgwick County Extension Council
A Component Unit of Sedgwick County
Statement of Cash Receipts and Expenditures - Actual
Educational Fund
Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts:	
4-H Council	\$ 64,760
Agriculture	11,224
Interest	2,714
EFNEP	1,095
Employee fund	1,617
Family Life	646
Foods and nutrition	600
Horticulture	16,092
Master Gardeners	37,171
Postage	11,788
Revolving	14,771
Senior Programs	1,810
Sewing	5,473
Walk KS	7,599
Total Cash Receipts	<u>177,360</u>
Expenditures:	
4-H Council	65,733
Agriculture	9,537
EFNEP	1,633
Employee fund	2,313
Family Life	233
Foods and nutrition	259
Horticulture	11,347
Master Gardeners	23,598
Postage	4,574
Revolving	5,157
Senior Programs	1,126
Sewing	3,581
Walk KS	7,149
Total Expenditures	<u>136,240</u>
Receipts Over (Under) Expenditures	41,120
Unencumbered Cash, Beginning (as adjusted)	<u>177,914</u>
Unencumbered Cash, Ending	<u><u>\$ 219,034</u></u>

The notes to the financial statements are an integral part of this statement.

Sedgwick County Extension Council
A Component Unit of Sedgwick County
Statement of Cash Receipts and Expenditures - Actual
4-H Achievement Fund
Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts:	
4-H	\$ 80,903
Banquet	6,766
Carnival	2,046
CD interest	430
General	9,691
Other	150
Total Cash Receipts	<u>99,986</u>
Expenditures:	
4-H	82,139
Ambassadors	288
Banquet	4,049
Camp	5,195
Carnival	1,481
Discovery Days	900
Fair Clear-up	222
General	5,000
Trips/scholarships	8,845
Other	210
Total Expenditures	<u>108,329</u>
Receipts Over (Under) Expenditures	(8,343)
Unencumbered Cash, Beginning	<u>28,498</u>
Unencumbered Cash, Ending	<u><u>\$ 20,155</u></u>

The notes to the financial statements are an integral part of this statement.

SEDGWICK COUNTY EXTENSION COUNCIL
A COMPONENT UNIT OF SEDGWICK COUNTY
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies and Organization

This summary of significant accounting policies of Sedgwick County Extension Council (the Council) is presented to assist in understanding the Council's financial statements. The financial statements and notes are representations of the Council's management, who is responsible for their integrity and objectivity.

Financial Reporting Entity

Sedgwick County Extension Council is a quasi-municipal entity primarily governed by a nine member executive board, formed in 1918 to extend to Sedgwick County citizens research-based information that helps them improve their quality of life. The four core programs are food, nutrition, health, and safety; youth, family, and community development; natural resources and environmental management; and agriculture industry competitiveness. Extension services are funded primarily by County appropriations, and financial support from the Kansas State University. Significant reductions in support from the County or KSU may have an adverse effect on the Council's programs and services. The Council is a component unit of Sedgwick County which is the primary governmental unit.

Basis of Presentation – Fund Accounting

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the Council for the year ended December 31, 2009:

Governmental Funds:

General Fund – To account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds – To account for the proceeds of specific revenue sources that are restricted by law, administrative action or donor restrictions to expenditures for specified purposes.

SEDGWICK COUNTY EXTENSION COUNCIL
A COMPONENT UNIT OF SEDGWICK COUNTY
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies and Organization (cont.)

Basis of Accounting

Statutory Basis of Accounting. The statutory basis of accounting, as used in preparation of these financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

The Council has adopted a waiver from generally accepted accounting principles which allows the Council to report on the statutory basis of accounting.

Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the year in accordance with generally accepted accounting principles. Assets that account for the land, buildings, and equipment owned by the Council are not presented in the financial statements. Also, accrued compensated absences and depreciation are not reflected in the financial statements.

Budgets

Applicable Kansas statutes require that budgets be legally adopted for all funds unless exempted by a specific statute. All budgets are prepared utilizing the modified cash basis further modified by the encumbrance method of accounting, that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable are recorded as expenditures. The Council is not a tax-levying authority and is not required to publish its annual budget and hold public budget hearings.

2. Statutory Violations

There were no statutory violations noted by management.

SEDGWICK COUNTY EXTENSION COUNCIL
A COMPONENT UNIT OF SEDGWICK COUNTY
Notes to Financial Statements
December 31, 2009

3. Deposits

At year-end the carrying amount of the Council's bank deposits, including certificates of deposits, for all funds was \$638,429. The bank balances were \$705,205. The differences between the carrying amounts and the bank balances are outstanding checks and deposits in transit. Bank balances were covered by \$250,000 of FDIC insurance and collateralized by pledged securities of \$775,000.

4. Compensated Absences

The Council does not record accrued compensated absences under the statutory basis of accounting. Employees are entitled to be paid for any unused vacation upon termination and a portion of unused sick leave upon retirement. The Council's liability for accrued compensated absences at December 31, 2009 is \$8,240.

5. Defined Benefit Pension Plan

Plan Description

The Council participates in the Kansas Public Employees Retirement System (KPERS), a multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (400 SW 8th Avenue, Suite 200, Topeka, KS 66603-3925) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State laws set a limitation on annual increases in the employer contribution rates. The KPERS employer rate established for January through December 2009 is 7.14%. The employer contributions to KPERS for the year ending December 31, 2009 were \$13,558

SEDGWICK COUNTY EXTENSION COUNCIL
A COMPONENT UNIT OF SEDGWICK COUNTY
Notes to Financial Statements
December 31, 2009

6. Salary Funding

Kansas State University supports the Council by funding a portion of the professional staff salaries. Professional staff of the Council are on the University's payroll and receive the University's employee benefits. The Council reimburses the University for the portion of salaries not funded by the University. University funding of professional salaries was \$151,349 for the year ended December 31, 2009 and has been reflected as in-kind revenue and salary expense in the financial statements.

7. Property and Equipment

Changes in the property and equipment assets during 2009 were as follows:

	<u>Cost</u>
Beginning balance	\$484,580
Additions	32,973
Disposals	<u>(15,406)</u>
Ending balance	<u>\$505,147</u>

8. Foundation Fund

The financial transactions of the Foundation Fund represent the operations of the Extension Education Foundation, Inc., a 501(c)(3) organization formed by the Council in 1999 and initially funded in the year 2000. This fund is a blended component unit of the Council for financial reporting purposes.

9. Risk Management

The Council manages risk primarily through the purchase of insurance coverage from commercial insurers.